

ORIGIN/ACTION

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## DEPARTMENT OF STATE

Approved For Release 2002/01/08 : CIA-RDP80-O1503R000100060013-3

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**AIRGRAM**

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CA-1256

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HANDLING INDICATOR

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NO.

TO :

ANKARA, BOGOTA, DAMASCUS, DJAKARTA, HELSINKI, KHARTOUM,  
LEOPOLDVILLE, MONTEVIDEO, RABAT, RIO DE JANEIRO, TAIPEI

FROM :

Department of State

DATE:

AUG 3 6 28 PM '65

SUBJECT :

Balance of Payments

REF :

The Treasury Department has determined that for fiscal year 1966, the supply of local currencies available for U.S. programs in the countries served by the principal posts listed above, although in no case sufficient to be declared as excess, is above our immediate needs.

Accordingly, a special and continuing effort is necessary to ensure that, in the incurring of obligations by contract or otherwise which will result in expenditures in these near-excess currency countries, obligations are made payable in foreign currency rather than in U. S. dollars wherever feasible. This includes contracts with American contractors, to the extent that the contractor will require local currencies for necessary expenses in the country involved. Each Embassy is requested to make a close examination of current and planned dollar obligations which will result in expenditures in these countries to determine if local currencies could be substituted for dollars. Additionally, each Embassy is requested to establish procedures to ensure that contracts and other obligations are made payable in foreign currencies rather than U. S. dollars, no matter what appropriation or fund is to be used for payment.

Allowances to American employees shall continue to be paid in local currencies unless the specific obligation related thereto is a U.S. dollar obligation of the employee concerned. American personnel should be encouraged to have a portion of their salaries paid in local currency. Each Embassy should provide convenient accommodation exchange privileges for all American employees in the country, and require that these facilities be used.

FORM 4-62 DS-323

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 In Out

Drafted by:

B/FC:RPWhitener:jhc : 8/3/65

Contents and Classification Approved by:

B/FC - Russell P. Whitener

Clearances:

OB/E Mr. Lyman

FSD - Mr. Wallen

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State Dept. declassification &amp; release instructions on file

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Travel, subsistence, and transportation within the country should be paid in local currency. International travel should be paid with local currencies to the maximum extent permitted under the international agreements under which the currencies were generated.

In comparison with other agencies of the U.S., the Department's record in the use of foreign currencies rather than dollars for international travel is good. However, some dollars are still being used where foreign currencies are available. All personnel who write Government Travel Requests, including individual travelers, and all personnel who write Government Bills of Lading, should be informed of the availabilities of foreign currencies to meet these costs, and instructed to make these documents payable in foreign currency rather than dollars. Once written in dollars, they must be paid in dollars.

Payments in dollars in the excess and near-excess currency countries represent a net budgetary cost to the U.S. Government and have an adverse affect on the balance of payments.

The Department would appreciate a special OM report on any unusual ways of utilizing local currencies that may be found in addition to those covered above.

RUSK

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